



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 1, 1998

H.R. 2614

An act to improve the reading and literacy skills of children and families

*As ordered reported by the Senate Committee on Labor and Human Resources
on May 13, 1998*

SUMMARY

H.R. 2614 would authorize appropriations of \$210 million for each of fiscal years 1998-2000 for grants to states for literacy programs if certain conditions are met. Funding has already been provided for fiscal year 1998. Assuming appropriation of the authorized amounts for 1999 and 2000, outlays for these programs would total \$630 million over the 1998-2003 period. Because enactment of H.R. 2614 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

H.R. 2614 contains no intergovernmental or private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA). Any requirements imposed on states and local education agencies would be conditions for receiving federal assistance under the programs authorized in the bill.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2614 is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law ^a						
Budget Authority	210	0	0	0	0	0
Estimated Outlays	11	136	53	11	0	0
Proposed Changes						
Authorization Level	0	210	210	0	0	0
Estimated Outlays	0	11	147	189	63	11
Total Spending Under H.R. 2614						
Authorization Level	210	210	210	0	0	0
Estimated Outlays	11	147	200	200	63	11

a. Public Law 105-78 appropriated \$210 million for fiscal year 1998 for literacy programs, if authorizing legislation was enacted by July 1, 1998. Otherwise the money would be used for special education programs.

BASIS OF ESTIMATE

The act would authorize appropriations of \$210 million for literacy grants in any of the fiscal years 1998, 1999, and 2000 in which appropriations for special education (pursuant to the Individuals with Disabilities Education Act) are at least \$500 million higher than in the previous year. Funding for the special education program in fiscal year 1998 was \$4.8 billion, exceeding the \$4.0 billion the program received in 1997 by more than \$500 million. H.R. 2614, therefore, would authorize 1998 appropriations of \$210 million for literacy programs. For the purposes of this estimate, CBO assumes that the \$500 million increases in appropriations would occur in subsequent years as well. We therefore estimate that the bill would also authorize appropriations of \$210 million for literacy programs for fiscal years 1999 and 2000, totaling \$630 million over the three-year period. H.R. 2614 states that notwithstanding the General Education Provisions Act, authorizations of appropriations for this program would not be automatically extended one more year.

Funding for the 1998 authorization has already been appropriated. The Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1998 (Public Law 105-78) made \$210 million available for literacy programs on July 1, 1998, provided that authorizing legislation was enacted by that date. Otherwise, the money will be transferred to the special education account. Pursuant to standard

scorekeeping rules, the appropriation bill was charged with the \$210 million cost at the time Public Law 105-78 was enacted, and thus H.R. 2614 would not have a direct spending impact.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2614 contains no intergovernmental or private-sector mandates as defined in UMRA. Any requirements imposed on states and local education agencies would be conditions for receiving federal assistance under the programs authorized in the bill. CBO estimates that, under H.R. 2614, states and local education agencies would receive \$204 million annually in grants for fiscal years 1998 to 2000, assuming appropriation of the necessary funds.

PREVIOUS CBO ESTIMATE

On October 24, 1997, CBO provided an estimate for H.R. 2614, the Reading Excellence Act of 1997, which had been reported out of the House Committee on Education and the Workforce. The House-reported version of H.R. 2614 authorized appropriations of \$260 million a year for three years.

ESTIMATE PREPARED BY:

Federal Costs: Justin Latus

Impact on State, Local, and Tribal Governments: Marc Nicole

Impact on the Private Sector: Nabeel Alsalam

ESTIMATE APPROVED BY:

Robert A. Sunshine

Deputy Assistant Director for Budget Analysis